S. HRG. 101-81

FISCAL YEAR 1990 BUDGET

JOINT HEARING

BEFORE THE

SELECT COMMITTEE ON INDIAN AFFAIRS
UNITED STATES SENATE

AND THE

COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

THE FISCAL YEAR 1990 BUDGET

FEBRUARY 7, 1989
WASHINGTON, DC

U.S. GOVERNMENT PRINTING OFFICE

98-017 WASHINGTON : 1989

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

H 441-28
S 411-20

SELECT COMMITTEE ON INDIAN AFFAIRS

DANIEL K. INOUYE, Hawaii, *Chairman*
JOHN McCAIN, Arizona, *Vice Chairman*

DENNIS DeCONCINI, Arizona
QUENTIN N. BURDICK, North Dakota
THOMAS A. DASCHLE, South Dakota
KEN CONRAD, North Dakota
FRANK H. MURKOWSKI, Alaska
THAD COCHRAN, Mississippi

ALAN R. PARKER, *Staff Director*
PATRICIA M. ZELL, *Chief Counsel*
ERIC EBERHARD, *Minority Staff Director/Counsel*

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

HOUSE OF REPRESENTATIVES

MORRIS K. UDALL, Arizona, *Chairman*

GEORGE MILLER, California
PHILIP R. SHARP, Indiana
EDWARD J. MARKEY, Massachusetts
AUSTIN J. MURPHY, Pennsylvania
NICK JOE RAHALL II, West Virginia
BRUCE F. VENTO, Minnesota
JERRY HUCKABY, Louisiana
DALE E. KILDEE, Michigan
TONY COELHO, California
BEVERLY B. BYRON, Maryland
RON DE LUGO, Virgin Islands
SAM GEJDENSON, Connecticut
PETER H. KOSTMAYER, Pennsylvania
RICHARD H. LEHMAN, California
BILL RICHARDSON, New Mexico
FOFO I.F. SUNIA, American Samoa
GEORGE (BUDDY) DARDEN, Georgia
PETER J. VISCLOSKY, Indiana
JAIME B. FUSTER, Puerto Rico
MEL LEVINE, California
JAMES McCLURE CLARKE, North Carolina
WAYNE OWENS, Utah
JOHN LEWIS, Georgia
BEN NIGHTHORSE CAMPBELL, Colorado
PETER A. DeFAZIO, Oregon
DON YOUNG, Alaska,
Ranking Republican Member
MANUEL LUJAN, JR., New Mexico
ROBERT J. LAGOMARSINO, California
RON MARLENEE, Montana
DICK CHENEY, Wyoming
CHARLES PASHAYAN, JR., California
LARRY CRAIG, Idaho
DENNY SMITH, Oregon
JAMES V. HANSEN, Utah
BILL EMERSON, Missouri
BARBARA F. VUCANOVICH, Nevada
BEN BLAZ, Guam
JOHN J. RHODES III, Arizona
ELTON GALLEGLY, California
RICHARD BAKER, Louisiana

STANLEY SCOVILLE, *Staff Director and Counsel*
ROY JONES, *Associate Staff Director and Counsel*
LEE McELVAIN, *General Counsel*
FRANKLIN DUCHENEAUX, *Counsel on Indian Affairs*
ANGELA McCOY, *Secretary*
RICHARD A. AGNEW, *Chief Minority Counsel*
GREGG A. HOUTZ, *Minority Counsel on Indian Affairs*

FISCAL YEAR 1990 BUDGET REQUEST FOR THE BUREAU OF INDIAN AFFAIRS AND INDIAN HEALTH SERVICE

TUESDAY, FEBRUARY 7, 1989

U.S. SENATE, SELECT COMMITTEE ON INDIAN AFFAIRS, MEETING JOINTLY WITH THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS, HOUSE OF REPRESENTATIVES,
Washington, DC.

The committee met at 9:55 a.m. in room 1324, Longworth House Office Building, Hon. Morris K. Udall (chairman of the Committee on Interior and Insular Affairs) presiding.

Senator DASCHLE [presiding]. I'm Senator Daschle of South Dakota. Chairman Udall will be here momentarily, as will Congressman Rhodes and others. Congressman Rhodes is here, and so we will get started.

I'm pleased to join our colleagues from the Committee on Interior and Insular Affairs in conducting this joint hearing on the administration's fiscal year 1990 budget proposals for the Bureau of Indian Affairs, the Indian Health Service, the Indian programs in the Department of Education.

Chairman Udall has consented to my request that we conduct our oversight hearings on a joint basis, and in consideration of the administration's announcement that a second proposal in the budget will be forthcoming later this year.

We understand that President Bush has directed his Cabinet to make it a high priority to evaluate the fiscal 1990 proposal, and the Congress is on notice that substantive changes are very likely. Nevertheless, the proposal that we have in front of us today will undoubtedly constitute the point of departure for any subsequent submissions to Congress.

The Senate Select Committee on Indian Affairs recently met in a business session and agreed to an agenda which called for a comprehensive oversight report focused on the basis for the administration's budget proposals on the area of trust and responsibility. We have begun a process of oversight to evaluate the basis for the administration's programs and level of effort in the management of Indian trust resources.

We anticipate this oversight will enable us to comment on a more substantive and more in-depth basis on the Bureau of Indian Affairs' budget later this year.

I want to thank Senator Conrad and others who will come later for relieving me, and thank those who are already here this morn-

ing. A commitment that the chairman has made prevents him from attending the hearing this morning—that is, the chairman of the select committee, Senator Inouye—but certainly, he emphasizes, ought to not be viewed as any lack of interest on his part with regard to the budget process. This was a conflict that simply could not be resolved.

We certainly expect the committee staff will provide an analysis and a report to all members, including the chairman, which will be the basis of the report to the Senate Budget Committee.

So my thanks to all of you and to those who have arrived already. I would call on Congressman Campbell for any comments that he would make.

Mr. CAMPBELL. Thank you, Mr. Chairman.

I'd like to say that I am generally pretty disappointed with this year's budget proposal, specifically the section dealing with water settlements. I know that we will be taking up the new proposals soon, but we spent a considerable amount of time on this committee, as our colleagues in the Senate did, too, last year working with the Reagan administration to settle Indian lands and water claims.

Those claims were very costly and time-consuming, as you know, and it's just really pretty amazing to me that, in effect, we really signed another treaty by passing that legislation to formalize the Indian claims and to pay them for their losses. And now we're saying we are not going to put nearly enough money in there to implement the legislation that we passed last year, and I am just terrifically disappointed. But it's not surprising, I guess, after 200 years of breaking our word, that we would make any major change in breaking our word to an Indian tribe.

I have some questions I'd like to ask, but I would like to hear the testimony first. Thank you.

Senator DASCHLE. Very well.

Congressman Rhodes.

Mr. RHODES. Thank you, Senator.

Just briefly, I would echo Congressman Campbell's concern related to the amounts of money in the proposed budget for water rights settlements. We worked very hard last year to reach conclusion on three very significant settlements. Each of them will require substantially more money than is indicated in this budget.

The Colorado Ute settlement in the neighborhood of $60 million and there's $5 million in the budget for it. The Salt River-Pima Maricopa settlement is $50 million. There's $5 million in the budget for that. And San Luis Rey is $30 million. There's $5 million in the budget for that. This is clearly not satisfactory and it's something we will have to work on as we finalize the budget.

Aside from that, Senator, I don't have any other opening comments and appreciate your being here to help us out this morning.

Senator DASCHLE. Thank you, Congressman Rhodes.

Are there additional comments? Congressman Richardson.

Mr. RICHARDSON. Thank you, Mr. Chairman, and welcome back to the Interior Committee where you were such a star. I know you're continuing that.

Mr. Chairman, I am concerned about this budget. I see something that troubles me greatly. And that is an increase in the cen-

tral office budget of 32 percent, 32.8 percent over the fiscal year 1989 level, and an increase in the central office of 25 percent.

I guess it's the classic case of the bureaucracy's getting inflated and the programs are going down—severe cuts in the welfare assistance grants, grants going down by a total of close to 11 percent, the Indian health service not doing as well as the last fiscal year, the elimination of some of the new facilities, and sanitation construction funding.

Mr. Chairman, I'm concerned about this and I would hope that in the course of the hearing we get a good explanation for these dramatic increases on these—unless I'm mistaken—on these central office accounts, central office budget 32 percent increase over last year.

Thank you, Mr. Chairman.

Senator DASCHLE. Thank you.

Congressman Falemavaega. How close was that?

Mr. FALEMAVAEGA. It almost sounded like a Cheyenne word there.

Senator DASCHLE. I didn't have my microphone on, so that was even better.

Mr. FALEMAVAEGA. I always like to follow my senior colleagues in being a member of the committee. I certainly would like to express my appreciation for being given this opportunity to say a few words concerning the needs of the native Americans here in the United States.

I have read with fear and somewhat concern over the recent hearings that have been held in the Senate concerning some of the activities, and it seems that in my readings and understandings of the Bureau of Indian Affairs, they seem to be always victimized by accusations and allegations of about how bad things are with the needs of the native Americans, but I have yet to hear anything positive on what has been done for the needs of native Americans here in our country.

I would be very hopeful in my participation in the coming weeks and months in the affairs of the committee, and I surely would like to feel positive and hear what can we do constructively as a body here in Congress to assist with the needs of native Americans and especially with the central agency under the Department of the Interior, the Bureau of Indian Affairs, to see how we can be constructive in how to make things better than what they are now.

I would like to reserve my comments as we go along, as I would like to listen to the witnesses that will be giving their statements this morning.

Thank you for the opportunity.

Senator DASCHLE. Additional comments?

If not, we will take our first witness, Mr. W.P. Ragsdale, the Acting Assistant Secretary for Indian Affairs, the Bureau of Indian Affairs, accompanied by a number of people. I will let you make the introductions, Mr. Ragsdale and ask you to proceed with your testimony as you see fit.

STATEMENT OF W.P. RAGSDALE, ACTING ASSISTANT SECRETARY, INDIAN AFFAIRS, BUREAU OF INDIAN AFFAIRS [BIA], DEPARTMENT OF THE INTERIOR ACCOMPANIED BY LINDA RICHARDSON, DIRECTOR, FINANCIAL MANAGEMENT, BIA; HAZEL E. ELBERT, DEPUTY ASSISTANT SECRETARY, INDIAN AFFAIRS (TRUST AND ECONOMIC DEVELOPMENT), BIA; AND WILSON L. BABBY, DIRECTOR, OFFICE OF INDIAN AFFAIRS

Mr. RAGSDALE. Thank you, Mr. Chairman.

I'm Pat Ragsdale, Acting Assistant Secretary for Indian Affairs. Let me take just a moment to introduce my staff here with me at the table. To my right is Linda Richardson, the Director of Financial Management for the Indian Bureau. To my left sits Hazel Elbert, who is acting in the position that I formerly encumbered during this interim period and Mr. Will Babby, the Director for the Bureau of Education Program.

Mr. Chairman and members of the Committee, I am pleased to appear before you today to present the fiscal year 1990 budget for the Bureau of Indian Affairs. The fiscal year 1990 request for the Bureau totals $1.1 billion in appropriated funds for the operation of Indian programs, construction, loan activities, and payments related to various settlement acts.

The Bureau of Indian Affairs' budget is the largest of the bureaus in the Department of the Interior and accounts for 22 percent of the entire Department budget for the coming year.

For the Bureau's major operating account, the request includes $953,316,000, a decrease of approximately $19 million or 2 percent below the 1990 base. Of the total budget for the operation of Indian programs, $256 million is requested for tribe agency programs. This compares with a fiscal year 1989 enacted level of $254.5 million.

I will briefly outline some of the budget highlights. For education, we have requested $7.2 million to implement the adjusted salary scale and to provide for the increased weights assigned to small schools and for students in the seventh and eighth grades. This increase is partially offset by a reduction of $2.4 million, based on an anticipated continued decline in enrollment.

A total of $4 million is requested to equip staff and operate emergency shelters and juvenile detention facilities which are being built with funds appropriated out of the authority of the Anti-Drug Abuse Act.

As a part of the administration's continued effort to curb the use of illegal drugs, increases are requested for marijuana eradication and law enforcement activities. The budget includes a request for an additional $3 million to support reservation-based social service programs, to provide for increased resources, to address child abuse and neglect problems.

In the area of natural resources, the budget includes $144.6 million for forestry, agriculture, water resources, wildlife parks, and minerals and mining. In addition to these funds, the Bureau would receive $31.2 million for firefighting presuppression and suppression costs from the account which is proposed to be established in the Bureau of Land Management.

Additionally, the trust responsibilities and Indian rights protection budget activity includes a request for $51.7 million which, if

you total the $144.6 and the $51.7, the sum total is approximately $199 million devoted for trust and natural resource development activities.

To ensure optimum return on trust funds for which the Bureau has a fiduciary responsibility and to improve investment accounting and reporting, we have signed a contract with Security Pacific Bank for trust fund services. Work will begin this year on conversion to contractual services, with 1990 slated as the first full year of implementation.

More than one-half of the $3.3 million program increase for general administration is requested for automatic data processing services and equipment modernization. The operation of virtually every program in the Indian Bureau is dependent on data processing for some portion of its service delivery system. Land ownership records, general assistance payments, royalty payments to individuals, facility management, property inventories, and a host of other activities all rely on BIA computers, many of which are overloaded or obsolete.

Funds are also completed for the construction of Laguna, NM, middle school and for the first phase of a project to replace the Pine Ridge High School which is located in South Dakota.

In compliance with the recently enacted amendments to the Self-Determination Act, we have requested $9.8 million in the construction account to pay for indirect costs on construction projects. The total amount included in the budget for tribal contractors' indirect costs is $58,761,000, an increase of $5.4 million over the fiscal year 1989 enacted level.

During the last session of Congress, three water claims settlement bills were enacted, as was legislation to provide compensation to Alaskan Natives for claims resulting from military operations during the Second World War. The total cost of water settlements is approximately $113 million. Partial funding for the Salt River-Pima Maricopa, Colorado Ute, and San Luis Rey water settlements is included in the budget.

Funds are also requested to enter into an agreement with the Administrator of the Aleutian-Pribilof Restitution Act so that the extent of the claims under that legislation can be quantified.

These are the highlights of the Bureau's budget request. There are reductions requested for some Bureau programs, and I suspect that the committee's question will address these. We all recognize the constraints of the federal budget, however, and we believe that a reasonable balance has been achieved in our request which will maintain funding for current important operations and provide support for new initiatives and legislative requirements.

Mr. Chairman, I'll be pleased to respond to any questions of the committee concerning our pending budget request. Thank you.

Senator DASCHLE. Thank you, Mr. Ragsdale.

Mr. Ragsdale, on page 36 of your green budget book, you recommended a decrease of about $2½ million for Bureau-funded schools based on declining enrollment.

What is the basis of that reduction?

Mr. RAGSDALE. I understand the reduction is based upon a 1.3 percent total decline of enrollment in Bureau schools. It would be the actual school account.

Senator DASCHLE. Is that consistent with your past practice?

Mr. RAGSDALE. It's consistent with past enrollment trends.

Senator DASCHLE. That isn't what I asked.

Mr. RAGSDALE. I'll have to provide that information. I'm not sure, Mr. Chairman.

Senator DASCHLE. On page 40 it states that the Bureau has been unable to fill substance abuse and alcohol counseling positions because of a nationwide shortage of credentialed people.

What efforts has the BIA made to recruit staff in this regard?

Mr. RAGSDALE. To the best of my knowledge, we have attempted to fill these positions through our normal civil service recruiting practices; that is, to develop the position descriptions and advertise those positions through the civil service system on a national basis.

Senator DASCHLE. Obviously, you're not succeeding. What are you going to do to alleviate the problem in the next budget? What are you going to do differently in the next budget cycle to see that we do a better job this year?

Mr. RAGSDALE. To the best of my understanding, we intend to provide some additional training to the current school staff, and of course we also intend to continue to recruit for these types of people in personnel.

Senator DASCHLE. But you have a shortage right now. Is there any plan being considered to address the shortage?

Mr. BABBY. Mr. Chairman, we currently have 37 counselors, credentialed counselors on our staff. Some of the colleges and universities that had not been prepared to credential teachers in the past now are organizing programs. However, that's going to take several years to do that.

What we are doing is training our adjunct staff to provide that type of counseling to the students.

Senator DASCHLE. I don't have it in front of me. Do you have a figure for the aggregate amount within the budget directly for purposes of recruiting and maintaining the level of personnel for substance abuse and alcohol counseling?

Mr. RAGSDALE. I don't think that we could break that out precisely. It would be contained in that portion of our budget under administrative costs for the maintenance of our personnel management system overall, for the entire Bureau.

I think it would be difficult to segregate out the amount of time and the activity and put a dollar number to it, Mr. Chairman.

Senator DASCHLE. Are you concerned about this area?

Mr. RAGSDALE. Certainly, we're concerned about this area.

Senator DASCHLE. Do you have for the record some specifics you can provide to substantiate that concern?

Mr. RAGSDALE. I'm not sure what—I'm not sure I understand what you want me to do, Mr. Chairman.

Senator DASCHLE. I guess the old saying is, do you put your money where your mouth is? Obviously, when it comes to the need for counseling positions and the statement here that we've got a substantial shortage of counseling directors, the questions is are we going to allocate more resources or will there be a more concerted effort to address this problem in the future?

Mr. RAGSDALE. Again, to the best of my knowledge, we are diligently recruiting and we have included an increase to staff up in

this particular area. In addition to that, we have done training to better enable the people that we have on the school staffs and so on to provide these types of counseling services.

Senator DASCHLE. I tell you, I know you're very sensitive to it, but it is a major problem out there. And if we have a shortage—what I was hearing, and maybe I was just erroneously hearing it—is that we're not really going to make any changes; that we'll just keep on the way we've been doing, and that probably wouldn't suffice given the severity of the problem and the continued need for a more aggressive posture with regard to counseling services.

Mr. RAGSDALE. I don't want to project any lack of sensitivity on our part. It's an area that we're very concerned about. We have spent a considerable amount of time and personal resources emphasizing the need for this program with our Bureau staff, and I assure the committee that we will be diligent about trying to fill these positions.

Senator DASCHLE. I have a number of other questions that I will probably submit for the record, but I have one in particular that is of great interest to me.

I noticed in your statement that you are going to be providing an additional $3 million to expand your current efforts with regard to child abuse. What is your current budget for child abuse?

Ms. ELBERT. Mr. Chairman, we don't have the budget separated like that. All of the moneys for the items that you see under all other social services, that's the staff for the Social Services Program nationwide.

Senator DASCHLE. Well, you know how much you're going to add, so you must have some idea of how much is already there.

Ms. ELBERT. Last year we got $1.5 million for additional staff. We're now adding this additional that's in the budget. That is specifically for positions in the field offices for child abuse and neglect situations.

Senator DASCHLE. Are these the first positions, then, that you will be filling, directly related to child abuse?

Ms. ELBERT. Specifically, targeting to address child abuse and neglect situations.

Senator DASCHLE. Three million dollars.

Ms. ELBERT. The $1.5 million that we got last year, yes, and the additional that we're requesting.

Senator DASCHLE. So it's a total of $4.5 million solely allocated to personnel to deal with child abuse programs.

Ms. ELBERT. Specifically. But, generally, all of the staff that we have in the field deals with child abuse and neglect situations, but these are specifically targeted because we feel we need some extra help with the child abuse and neglect problem.

Senator DASCHLE. How many positions will that allow?

Ms. ELBERT. We estimate that we spend about $33,000 per position. On the first go-around, that's how we distributed it to the field. We had a task force put together to study the staffing patterns in the field, and based on information given to us by the areas to determine where the positions were most needed. That's how we distributed the first dollars that we got.

We will probably go through the same kind of procedure with regard to any additional dollars that we get. In some areas, they're

telling us that's not enough money for a position. Well, we targeted that position for a grade 12 and developed a position description so that we could make sure that they actually recruited for the kind of individual that we felt was needed to address child abuse and neglect problems.

Mr. RAGSDALE. Mr. Chairman, to put this in the overall context of the President's budget, let me just quickly reference page 89 of the green book and make the comparison between the 1989 actual enacted as opposed to what we are requesting to highlight the request.

Our total overall request for the social service activity is $23.4 million as compared to $18.8 million for fiscal year 1989. And in that same table, the FTE is laid out. Now, that would not include any tribal contracts and the positions that the tribal government would be carrying under contract if they contracted out the social services activity which would contain some elements of child abuse and child protection.

Senator DASCHLE. As I calculate it, with the additional $3 million, you've got 130 FTE's. Does that sound about right to you?

Ms. ELBERT. It seems a little high to me. I don't know how you're calculating it.

Senator DASCHLE. $33,000.

Ms. RICHARDSON. Mr. Chairman, FTE in the budget are only the Federal employees. And any of the money to contracted employees, those positions don't show up in our request. So if the money were distributed half and half, half would be FTE and the others would be tribally contracted positions.

Senator DASCHLE. What is the status of the Red Scaffold School and the Cheyenne River Agency? Can anybody tell me?

Mr. RAGSDALE. Mr. Babby will answer that question.

Mr. BABBY. As you know, the Western Cheyenne School is newly opened. We've closed three schools. That was mandated to us. Those students from the high school will be attending high school at Eagle Butte. They can all be handled at Eagle Butte. However, perhaps half of those students live in the community and so they're going to be attending a public school, but they have the option of attending either.

Senator DASCHLE. I'm not sure I understood your answer.

So what you're saying is that the students at Red Scaffold are going to be sent to—they're going to be consolidated with other schools. Is that it?

Mr. BABBY. They will be consolidated in the Western Cheyenne School, the elementary students.

Senator DASCHLE. And the high school students?

Mr. BABBY. The high school students, all of them could be boarded and attend Eagle Butte High School.

Senator DASCHLE. So you're saying under the budget, Red Scaffold will be closed?

Mr. BABBY. Yes.

Senator DASCHLE. Congressman Campbell.

Mr. CAMPBELL. Thank you, Mr. Chairman.

I'd like to focus for a minute on the Water Settlement Act. Under legislation we passed last year, it seems that this budget absolutely ignores the terms of the settlement. We were to pay the

Utes of Colorado, for instance, $49.5 million in 3 years; the Salt River Tribes, $24 million; and a settlement for the San Luis Rey settlement was $48 million in 2 years.

First of all, I'd like to know what was the rationale for only including $5 million in each one of these settlements?

Mr. RAGSDALE. As you know, the settlement legislation was passed after the President's budget was way into the process of its development. The strategy for this budget year was to include an additional $5 million for each of the three respective tribes, as I recall.

Mr. CAMPBELL. Are you telling me that it's your intent to recommend that they double that to $10 million for each one of those settlements this year?

Mr. RAGSDALE. I'm not sure what—at this point in time, with the change of the administration and the details of a budgetary strategy to be yet developed in coordination with the Office of Management and Budget and the new Secretary, what the overall budget strategy will be for the funding of these settlements in the future, Mr. Congressman.

Mr. CAMPBELL. What would be your recommendation? If they only put that much money, $5 million, or increase it very slightly, very simply they can't fulfill the obligations we've put into legislation.

Mr. RAGSDALE. The Bureau of Indian Affairs' recommendation will be that we fulfill the requirements of the settlement legislation and proceed. But in order to do that, we have to have a coordinated budget strategy that's acceptable to the new administration.

Mr. CAMPBELL. I think I heard two things there, Mr. Chairman.

You're saying that you will recommend that the new budget would reflect a dollar figure that would satisfy those two claims?

Mr. RAGSDALE. I don't think that I can make any new recommendation if you're talking about the 1990 budget, this specific request at this point in time. With respect to the 1991 budget, I would expect and I would hope that we will have a position as to how we are going to fund these settlement acts.

Mr. CAMPBELL. You are aware that the amount that is not paid to the tribe interest goes with that?

Mr. RAGSDALE. Yes, sir; I am.

Mr. CAMPBELL. So it seems to me, the longer we stretch it out, the more it's going to cost us.

Mr. Chairman, I'd like to ask a question, too, that's not directly related to the budget that's on the table here, but certainly to the BIA in resolving some monetary problems with some of the tribes. Could I have permission to ask that?

Senator DASCHLE. Yes.

Mr. CAMPBELL. I'd like to know what progress the BIA has made in resolving the Crow Tribe's problems in Montana. I've got a lot of mail from people up there and a number of visits, and I know they're in almost desperate straits up there, with offices having to close and the electricity and water being cut off and everything else, and I know that things are just very tough.

I'd like to know what the Bureau has done to try to resolve that and help them.

Mr. RAGSDALE. I am the individual that has been specifically scheduled to address and work with the Crow Tribe and our respective offices in Montana to try to resolve the Crow Tribe's financial problems.

I, too, have a considerable amount of personal mail to me from tribal members and from the chairman's office and have been involved in numerous discussions with both the Tribe and BIA personnel concerning that problem.

The Crow Tribe has been successful in winning its assertion of a power to tax and has a significant amount of money in escrow as a result of recent litigation. The Crow Tribe has had for a number of years, a difficult time in properly accounting for the revenues that the tribal government is responsible for.

I have personally met with Senator Inouye and Senate staff, as well as with the tribal leadership. I also have pending on my desk administrative appeals from various members of the Crow Tribe and have taken issue with the way the current agreement, arrangement, that the Crow Tribe, the tribal government and the Bureau has to account for those funds that they are currently disbursing.

I don't have a short answer to the problem.

Mr. CAMPBELL. I don't want to encumber this hearing with it, but could you give this committee a summary of what has transpired so far, what has been done, in writing?

Mr. RAGSDALE. Yes, sir.

Mr. CAMPBELL. I'd appreciate that.

Thank you, Mr. Chairman.

Senator DASCHLE. Thank you.

Congressman Rhodes.

Mr. RAGSDALE. Thank you, Mr. Chairman.

First of all, Mr. Chairman, I have written requests from Senator McCain and from Congressmen Young and Marlenee which I would unanimously consent to submit to the committee and ask the committee to submit to the Bureau for response.

Senator DASCHLE. Without objection.

Mr. RHODES. And I would also like to ask the Bureau when they submit their responses to the committee, that they provide copies to Senator McCain and Congressmen Young and Marlenee.

In the case of Senator McCain's questions, I would also like copies of the responses to come to me.

I have a couple of follow-ups similar to Mr. Campbell's questions, because I am very concerned, as he is, with the minimal funding in this year's budget for these settlements.

As Congressman Campbell pointed out, the Colorado Ute and the San Luis Rey settlements require interest to be paid on the unpaid sums from the date of enactment. But even more critical is the Salt River-Pima Maricopa settlement. If the trust obligations are not fully funded by December 31, 1990, that entire settlement is negated, voided. It's out the window, it's gone. And we've worked awfully hard to get that settlement put in place, and I just simply want to emphasize to you how important it is that the trust obligations of that settlement be fully funded in the next budget cycle.

I am very concerned about the impact that funding these settlements all at once is going to have on the Bureau's overall budget.

Now, you have responded and I understand your answers. I just simply want to advise you of my concern, which is very similar to Mr. Campbell's and will be similar to many other members as well who are directly affected by these settlements and whose constituents are directly affected by these settlements, that the obligations that we agreed and that the Congress legislated be met.

I am quite certain that when we sit here next year to go over your budget, we are going to hear about the impact that this is going to have on the balance of your budget and I'm worried about that, but I do want to join with my friend from Colorado in impressing upon the Bureau how very important it is that our obligations under these settlements be met.

If that Salt River-Pima settlement—if it goes because we didn't fund that settlment—I'm going to ask you to move to Arizona with me to help me respond to the concerns of the people who are affected.

Thanks, Mr. Chairman.

Mr. RAGSDALE. Congressman, I'd just like to respond briefly to that. I've lived in Arizona for 5 years and I struggled as a staff person with the Ochshin Settlement Act to get that resolved. So I appreciate the Congressman's concern.

I wish I could commit as to how the Department is going to deal with this as a budgetary policy, but we are just not prepared to do that at this point in time. But I agree with the Congressman; it is important that the United States fulfill its commitments on the settlement legislation. Otherwise, they tend to not have a lot of meaning.

Senator DASCHLE. Very well.

Congressman Richardson.

Mr. RICHARDSON. Mr. Ragsdale, if you could address—I guess in my opening remarks I mentioned the 32.8-percent increase for program administration and 25 percent general administration increase in the central office—these increases coming at a time when your budget dollars are declining.

If there are such few funds for services, why are we increasing administrative costs? Are we hiring more people, building more buildings? Why that dramatic increase?

Mr. RAGSDALE. I'm not sure exactly where you got your percentage, but my understanding of our budget proposal, it includes a number of fixed costs that are currently budgeted in the central office, office of administration, insofar as the way the President's budget is laid out.

There is a modest increase within that total to convert our current antiquated financial accounting system, for purposes of accounting for appropriated funds, into the new Federal financial system that we hope to bring on line in October of next fiscal year.

Mr. RICHARDSON. Let me just mention that it's the Interior Committee staff that has estimated the increases and I think it's very clear. You have a category for general administration and you have a category for central office, and it's right here.

I would like you to provide a more extensive answer for the record if you could. But the percentage is almost exact. Would you provide that for the record?

Mr. RAGSDALE. Sure. I'll be glad to provide it for the record. But if you have a copy of the green book, and if you could turn to page 21 of the green book, it refers to the adjustments to the base and what some of those costs are. About two-thirds under the first column, adjustments to the base, we start out with adjustments for increased costs of FFS. That is the accounting system that I just referred to that we've started the conversion process and hope to come up on October 1st of this year.

The next item is adjustment for increased costs of Federal telecommunications system, postage and interdepartmental billings. And these are Bureau-wide costs, Mr. Congressman, not just for central office.

Adjustments for increased costs of PAYPERS, personnel system; adjustments for increased cost of worker's compensation payments, and so on. Those are the bulk of the increases and the adjustments to base.

Mr. RICHARDSON. OK, let's not dwell on this much longer, but take a look at page 199. That's where I was formulating my percentage numbers.

If I could turn to some specific projects in my State, one was mentioned by Mr. Daschle, the growing problem of substance abuse, alcoholism. You know the dramatic problems taking place in the Four Corners area in Gallup, NM. The Navajo Tribe and the city have been working together with the State legislature to assist in setting up some detox centers, new treatment. It's the biggest killer on the Navajo reservation and the resources keep getting smaller and smaller. I wonder if you have had a chance to focus on that.

My second question deals with the renovation of the Navajo Mission Academy in Farmington. I wondered if you could answer those two.

Ms. RICHARDSON. With respect to the first problem, the antidrug abuse and those types of problems, there has been a great amount of time and effort by the Bureau of Indian Affairs and the Indian Health Service to better coordinate the service activities that we are responsible for.

As a matter of fact, Ms. Elbert and I will be attending a conference this week out at Rockville that IHS is hosting, which is a combined IHS–BIA workshop. I would suggest that you might want to talk to Dr. Rhoads about their responsibility with respect to medical treatment and care.

But it is a matter that we have spent a considerable amount of time and resources to address. As a matter of fact, I attended a conference in your home State that was sponsored by the State HHS office for Indian communities and State organizations to endeavor to better coordinate all of our various service activities in community support and outreach types of facilities to address the problem.

Mr. RICHARDSON. Would you answer the Navajo Mission Academy question?

Ms. RICHARDSON. It appears there are no funds for Navajo Mission. There is $3.9 million requested in the 1990 budget for other FI&R projects in the Navajo area for gas lines, Mariana Lake, and for Winslow Dormitory.

Mr. RICHARDSON. Well, you'll be hearing from me on that.

My final question deals with the weighted transportation formula on unimproved roads. My question is, we understand that some schools have reported that their funding declined—this is the student transportation funding—from $1.27 a mile in fiscal year 1988 to $1.17 a mile in 1989. Yet the budget request doesn't report this decline.

I'm wondering what caused the per-mile rate to fall in 1989.

[Pause.]

Mr. RICHARDSON. Let me just give you another example to try to help you out. For instance, on the Navajo reservation, the transportation formula is weighted at 1.2 for reservations with unimproved roads such as the Navajo. And we've heard reports from some Navajo schools that they've never received any weighted transportation funding.

Maybe you could also provide for the record where weighted funding has been provided as described in your budget request, after answering my first two questions.

Ms. RICHARDSON. I'm sure we have all the answers, Mr. Congressman.

Mr. BABBY. There is no increase requested in transportation. The change from $1.27 to $1.17 was due to an increase in the number of miles that are being traveled to pick up the students and also an increase in contractual services.

The 1.2 weighted, I would have to provide that for you. I am under the impression that that is being provided.

Mr. RICHARDSON. Could you also identify the reservations where weighted funding has been provided? Would you do that?

Mr. BABBY. Certainly.

Mr. RICHARDSON. Well, Mr. Chairman, I don't want to monopolize all this. I had one more question.

Senator DASCHLE. Congressman McDermott.

Mr. MCDERMOTT. Thank you, Mr. Chairman.

As someone who has spent considerable time in Indian health and mental health in my own State as well as in places like Wind River Reservation in Wyoming, I have some questions that I want to ask today having to do with children.

First of all, Mr. Chairman, I would like to ask unanimous consent to include in the record a copy of the Federal District Court in the case of the Kalispel Tribe versus Swimmer.

Senator DASCHLE. Without objection.

Mr. MCDERMOTT. As you know, Mr. Ragsdale, there was a court order in the Eastern District Court of the State of Washington in August, after this budget had been put together.

Now, I see from the record that you have recommended a $2.3 million reduction in the welfare assistance grants. As a result of that court order which has just been entered in the record, it is estimated that there will be costs, probably $5 million in the State of Washington, and probably this will be extended to the State of Oregon, another $1 million.

It would be my question, how do you intend to meet those welfare assistance or those general assistance grants from the existing budget? What provisions have you made for this additional expense?

Ms. ELBERT. Mr. Chairman, we do not get those kinds of estimates for the State of Washington. We were ordered to start providing services to the Indians in the State of Washington in September, this past year, and we put the program in place.

We began to accept applications, and to this date we've only received 10 applications, and only 2 of those have been determined to be eligible for our program. So we don't have the kinds of estimates on the costs that would be involved in the State of Washington and the State of Oregon that you have.

So it's not reflected in the budget that we're going to be having those extensive costs.

Mr. MCDERMOTT. So you have no anticipation that you're going to have to reduce grants at some point during the year to stay within the budget?

Ms. ELBERT. No; not at this point.

Mr. MCDERMOTT. OK.

My second question is really to follow up on Senator Daschle's question about the Indian Child Welfare Act.

We have many urban Indians in the State of Washington, and those grants are primarily directed, or a large portion are directed at urban Indians. I see there's a reduction of $4.9 million in that program.

In the memo prepared by the staff, it's suggested that that's being replaced by $1 million in emergency shelters and $3 million in sexual abuse, primarily for on-reservation. So it looks to me like you've taken money from off-reservation programs in the grants in the form of grants and put it onto the reservations.

I am sure that the need is there on reservation. That's not the question. The question is, why reduce the Indian child welfare grants which are primarily off reservation?

Ms. ELBERT. Mr. Chairman, those organizations off the reservation have other resources that they can apply to, to address the kinds of concerns that are presently funded by the ICWA grants.

On the reservation they have no other resource except BIA.

Mr. MCDERMOTT. Are you saying they should turn to the States?

Ms. ELBERT. States and counties and cities, organizations. Yes.

Mr. MCDERMOTT. So this is really a move by the Federal Government to take the responsibility for the Indian children who are in the urban setting and saying, put that on the State; we'll no longer be responsible for it?

Mr. RAGSDALE. I think that the Federal Government also supports those types of activities in urban areas as well. I know that when we are examining internally within the Indian Bureau, when we are budgeting, going through the budget process to meet an ultimate target, there are tradeoffs and balances that have to be made overall for the entire Bureau's budget. And the decision was made to reduce the ICWA funding, that $4 million portion that you're referring to, because there were other resources that were available.

Mr. MCDERMOTT. I would suggest you haven't looked at State budgets much recently if you think that it's going to be replaced at the local level.

I think that's a short term, may look good on paper, but in fact I think it's going to hurt Indian youngsters in the cities.

Senator DASCHLE. Do you have additional questions, Congressman McDermott?

Mr. MCDERMOTT. No, thank you. No further questions.

Senator DASCHLE. I would like to ask a couple of things related to the 1988 Anti-Drug Abuse Act.

Have you analyzed the new amendments and tried to incorporate the changes in the new amendments to the 1990 budget request?

Ms. ELBERT. Yes; we have.

Senator DASCHLE. And?

Ms. ELBERT. There were no—the new amendments did not present any major changes to the activities that we presently had ongoing.

Senator DASCHLE. Well, I'm told that there are $18.75 million in program activities under the bill that remain unfunded.

Ms. ELBERT. I'm not aware of that, Mr. Chairman.

Senator DASCHLE. Do you dispute that?

Ms. ELBERT. I don't dispute it, but I'm not aware of that. I would have to double-check to see where that finding came from. We did not find that in our analysis of the bill.

Senator DASCHLE. We may want to talk to you about that at some point in the near future. In fact, we will have some specific questions relating to that that you can answer for the record if you would.

Let me also ask a couple of questions relating to—we were talking earlier about related issues in this regard, but we've been advised that in the Ginot area funds appropriated for 638 technical assistance for grants to Indian tribes are being used for BIA staff positions, the function of which is 638 contract oversight.

We've also been advised that of the $380,000 allocated to Ginot, only a small $20,000 grant was made to the Cook Inlet Association. The figure may not be precise, but we'd like to ask you to report on what money has actually been allocated and how the money is now being spent.

Can you do that either orally or, if not orally, in writing?

Mr. RAGSDALE. I think we can make that information available, and I'm not aware of the Cook Inlet problem and the grant that you referred to.

But technical assistance money has been spent and can be spent, at least it's my understanding, for staff purposes to provide actual technical assistance to tribes in the development and ongoing programs that they have under contract.

Our budget request for technical assistance carried an FTE request along with it, so there is a good amount of technical assistance that's provided directly by Bureau staff and has been since the inception of the program to the best of my knowledge.

Senator DASCHLE. Let me ask you about funds in forestry. Is it your opinion that the funds are sufficient to provide a forestry management program for the Menomenee Tribe in Wisconsin, and is that funding equivalent to the level of funding for forestry programs for other tribes with comparable forestry programs?

Mr. RAGSDALE. I recently met with the chairperson of the Menomenee Tribe and made a commitment that I would personally review the overall forestry budget, focusing on the Menomenee program.

98-017 0 - 89 - 2

I have not had an opportunity to do that at this point. So I'll have to provide that information later.

Senator DASCHLE. Are there any other questions?

Congressman Campbell?

Mr. CAMPBELL. This isn't a question, but we talked earlier about both law enforcement—not law enforcement as much as counseling for abuse and alcohol, as well as child abuse. I'll tell you, what I hear may not be what you're telling me. What I hear is that it's business as usual; that there really hasn't been the kind of emphasis put within the BIA or even at the local level with regard to improving the situation in both the alcohol and drug abuse counseling positions or in child abuse.

You've got a budget here that is substantial and you've got $3 million allocated in new funding for what perhaps are the two most critical problems we're facing on the reservation—drug and alcohol abuse and child abuse.

Numbers don't tell the whole story. There may be more there. But as you respond to the questions that we will pose in writing, I would like you, in the most persuasive way you can, to tell us how you think you're addressing those problems with the money you've got. I didn't like your answers. Frankly, I think they could be a lot better. You certainly didn't persuade me. But we don't have a lot of time and I don't hold that necessarily against you because I'm sure that there are some things you're doing that just didn't come out in your answers.

But I'll tell you, speaking only for myself, this is an area that I certainly hope our committees are going to take a lot harder look at and work in partnership with you in addressing a lot more successfully. And $3 million and a few more training sessions for counselors isn't going to do that. It just isn't going to do it.

So I hope that we can take a new found enthusiasm for this effort and find ways to resolve at least part of the problem as we look to the next fiscal year.

Senator Conrad is here and he will be chairing the next session of this effort. Senator, did you have any questions of the BIA before we excuse them?

Senator CONRAD. Thank you very much, Mr. Chairman. In fact, I do.

I was studying the staff report of the budget this morning and I think the thing that struck me the most in the analysis that was prepared by staff were the increases in the BIA central office and general administration. I don't know if anyone has had a chance to get BIA's response to these questions, but I would like to know the justification for an increase in the central office budget for program administration which is 32.8 percent from the fiscal year 1989 level.

That's the figure that I've been given; that the increase, proposing a central office budget of $13,865,000 for program administration, which represents a 32.8-percent increase over the fiscal year 1989 level.

Is that correct and, if so, what is the reason for it?

Mr. RAGSDALE. A little earlier, we addressed the question for Congressman Richardson with regard to administration. I gather you're talking about education program management?

Senator CONRAD [presiding]. Well, it is defined in the staff review memo as program administration.

Mr. RAGSDALE. I believe that we've answered the question overall concerning the budget category administration and the adjustments that were made to the base for conversion into the Federal financial system, our costs for postage overall which are reflected in the central office of administration budget, but are really reflective of total expenditures Bureau-wide.

Senator CONRAD. So I hear you saying that these are increases which were required because of changes in administrative procedure to parallel what is required in other Federal agencies. Is that what I'm hearing?

Ms. RICHARDSON. No, sir. We budget in the central office, for instance, for the payments to the Department of Labor for worker's compensation and unemployment compensation claims that are paid on a Bureau-wide basis. And of that increase in the analysis, $2.79 million is solely for increased payments to the Department of Labor. These are bills that come to us that we have to pay. There's an additional $1.5 million for Bureau-wide telephone costs and postage costs.

For ease of billing, we budget them centrally rather than throughout the Bureau and pay them centrally, but the costs are incurred Bureau-wide, and these are bill that will come to the Bureau and that we have to pay—$1 million for GSA rent.

Mr. CAMPBELL. Let me ask this question, then. In terms of general administration, what is the increase that's being sought?

Ms. RICHARDSON. $3.3 million, of which $300,000 is for tribe/agency programs, and $3 million for central office operations.

Senator CONRAD. What does that represent as a percentage increase?

Ms. RICHARDSON. It's $3 million of a $97 million base, less than 3 percent.

Senator CONRAD. All right.

Let me ask, has anybody had a chance to ask about the trust fund management contract? Have you pursued that?

Mr. RAGSDALE. No.

Senator CONRAD. Well, the report that I have from staff indicates that the administration is requesting a total of almost $9.5 million for financial trust service, of which $4.2 million, or 43 percent, is to be used for the contract which is the privatization effort.

The further analysis indicates that this has resulted in an increase in this budget from $4.6 million to $9.5 million from fiscal 1987 to fiscal 1990 the overall spending on this effort. During the same period, authorized staff for this program has gone from 53 to 199.

Are those accurate numbers and, if so, why would we be seeing an explosive growth in staff when we're got a privatization effort underway?

Mr. RAGSDALE. I don't think that those are accurate numbers. But not knowing what the staff analysis was based on, I can't get into it. I can tell you that the budget category for a long period of time, for the last 5 or 6 years for financial assistance—financial trust services is the budget category—historically, we have been

budgeting approximately $5 million probably for the last 3 or 4 fiscal years.

There is an increase of approximately $2 million overall for the improvement of the service.

I believe that we would have had to budget—we are responsible for approximately $1.75 billion of tribal and individual Indian money, plus our collections for irrigation and O&M and power and so on and so forth. The system, overall, needed to be improved. That's what the overall increase—whether or not we would have run a direct operation for the maintenance of the $1.7 billion of tribal and individual Indian moneys, or we had chosen to contract—which is our current plan—there would have been a need for an overall increase to that particular category.

Senator CONRAD. What is the spending, if you can give me that number? What is the spending on the contract?

Mr. RAGSDALE. For fiscal year 1989, we will be spending for the implementation of the contract $1.5 million, approximately. In fiscal year 1990, the total cost of the operation will be $4.2 million for a full year's operation.

The balance then would be spend for support staff within the Bureau to maintain our systems that the bank accounting system will be dependent upon.

Senator CONRAD. I don't want to take away from other people's time here, but if we're at $4.2 million for the privatization contract for fiscal year 1990, that figure is correct, we're in agreement on that figure.

Mr. RAGSDALE. Yes, sir.

Senator CONRAD. Can you tell me from 1987 to 1990, how many full-time positions—what is the increase, the decrease? Has there been a stable number of position within the Bureau dedicated to this?

Mr. RAGSDALE. We can make the information available. I don't have them at hand.

Senator CONRAD. I am told that we've gone from 53 positions to 119 authorized staff for this program from fiscal year 1987 to fiscal year 1990.

Mr. RAGSDALE. We are going from, according to the numbers I have before me, from fiscal year 1988 of 137 to fiscal year 1990 of 199, a decrease in FTE.

Senator CONRAD. How about fiscal year 1987?

Mr. RAGSDALE. I don't have that number with me.

Senator CONRAD. So you're telling me we've got a decrease in personnel in this area?

Mr. RAGSDALE. Yes, sir.

Senator CONRAD. From fiscal 1988 to fiscal 1990.

Mr. RAGSDALE. That's correct.

Senator CONRAD. What kind of savings would be represented in that reduction in personnel?

Mr. RAGSDALE. I don't know offhand. Until we finish the reconciliation of the accounts, which we have let a contract with a Big 10 accounting firm as we make the conversion, I don't think I can give you the number.

Senator CONRAD. I'm told that in fiscal 1987, the budget justification showed 53 positions. It went up sharply to 1988, to the 137.

Now we're back to 119. But 119 would represent, obviously, more than double what we had in fiscal 1987 if the budget backup that was provided to the committee at that time is accurate.

Do you know if there was a large increase from 1987 to 1988?

Mr. RAGSDALE. No, sir; I don't think that there was a large increase. I think that the answer is—and I doubt if we're going to be able to clear it up here today—that the analysts have to get together and walk back through the numbers and how the FTE was allocated. But, having most of my Bureau career out in the field and having some understanding of how it works, I feel reasonably confident that we have not had significant changes in FTE overall for the administration of that program.

Senator CONRAD. Wouldn't you expect a very sharp reduction since we've got a major privatization effort underway? I mean what's the point of privatizing if we have the same level of personnel within the agency now as we had before?

Wouldn't you expect a very sharp reduction if you're privatizing?

Mr. RAGSDALE. I would expect a very sharp increase in FTE had we chosen not to privatize the operation because of the amount of people that we currently have devoted for the investment and accounting program, which is a centralized program and, in my view was not enough, and that was the reason for the need to increase and better the service overall.

Senator CONRAD. Do you have any idea how many people in the privatization contract that's costing $4.5 million, how much of the $1.75 billion are they managing?

Mr. RAGSDALE. They will be managing and accounting for the total fund, both investing and accounting for the total fund.

Senator CONRAD. Then what would be the need under this heading for 119?

Mr. RAGSDALE. Those positions are the positions that—the way the money, the funds, the Indians' moneys will be distributed is based in large part on the revenues that come from a variety of sources. The people on the Bureau staff that will be required to feed the system, to notify the contractor as to the breakdown of an allotted piece of land's heirs, the status of probate records and so on will still depend upon Bureau that run a variety, a number of systems, that will have to interface with the bank system.

They also will be the point of contact for the individual Indians that want the status of their accounts.

Senator CONRAD. Do you have any estimate of, in the private sector, what comparable costs would be for managing an equivalent sum?

Mr. RAGSDALE. I don't know that we have those numbers. I do know that an A–76 study was done to determine the best, I think the term of art is the most efficient organization from a private sector standpoint and from a Federal administration standpoint, and that was the basis that we went ahead and went forward with the awarding of the contract.

Senator CONRAD. Would Congressman Campbell have any further questions?

Mr. CAMPBELL. I have no further questions.

Senator CONRAD. If anyone has any further questions, we would leave the record open so that we could submit further questions in writing if that would be all right with you.

Mr. RAGSDALE. Yes, sir.

Could I say one last thing concerning Senator Daschle's last comment, which did not require a response from me, but I want to emphasize it anyway. I want to assure both committees that we are not insensitive to the drug and alcohol abuse and the child neglect problems that are faced in Indian country.

I am reluctant to tell you in a very positive fashion that we have focused on this problem and spend a great deal of time on it. I know that Hazel's people particularly, our social services staff, have spent a great deal of time and effort, and I think that those measures will be positive in the long run. But it is a problem that we take very seriously and that we have devoted a lot of time to.

A lot of time and resources is rhetoric, and personal participation in workshops and encouragement of people to do the best they can and try to encourage the Indian communities and the resources that we have to take a holistic approach to the problem. That's what we're trying to do.

I wish we could say that there are a whole lot of positive things that we could give you, that we've got a handle on the problem and it's going to go away, but that's simply not the case. And the Bureau of Indian Affairs, alone and by itself, is not going to solve this problem. Its going to take all of the resources that the communities and States and the Bureau of Indian Affairs and everybody else involved in it can muster to effect some progress.

Thank you.

Senator CONRAD. Thank you. We appreciate your being here to provide that testimony.

Next we will hear from Hon. Everett Rhoades, the Director of the Indian Health Service, Department of Health and Human Services. He will be accompanied by Mr. Robert Singyke, the Deputy Director of the Indian Health Service; Mr. Milburn Roach, the Associate Director for Administration and Management, Indian Health Service; Mr. Bill Pearson, the Associate Director of the Office of Environmental Health and Engineering; and Mr. Buzzard, the Assistant Director of the Office of Tribal Activities.

If you want to proceed with your statement, if you want to summarize it, that's fine. We'll include the entire written statement in the record. However you want to proceed is fine.

STATEMENT OF HON. EVERETT R. RHOADES, M.D., DIRECTOR, INDIAN HEALTH SERVICE [IHS], DEPARTMENT OF HEALTH AND HUMAN SERVICES ACCOMPANIED BY, MILBURN ROACH, ASSOCIATE DIRECTOR, OFFICE OF ADMINISTRATION AND MANAGEMENT [IHS]; AND BILL PEARSON, ASSOCIATE DIRECTOR, OFFICE OF ENVIRONMENTAL HEALTH AND ENGINEERING [IHS].

Dr. RHOADES. Thank you, Mr. Chairman. I will submit the entire statement, perhaps pointing out only two or three highlights that I think are worth consideration.

I'm Dr. Everett Rhoades. As you pointed out, I'm the Director of Indian Health Service, accompanied at the table on my left with Mr. Milburn Roach, the Associate Director for Administration and Management; and Mr. Bill Pearson, the Associate Director, Office of Environmental Health and Engineering on my right.

I would like to report to the committee that, in fact, the gains that have been made in recent years in Indian Health continue to be made and the improvements in longevity, life expectancy, decreased mortality rate, decreased infant mortality rate, decreased mortality rate from alcohol, substance abuse and even homicides continues.

The only medical conditions that are not improving at the moment are largely a reflection of the aging Indian population; that is, degenerative disease such as heart disease and cancer, and Indian Health Service is beginning to address those conditions.

These gains are reflected in the fact that the ratio of death rates between Indians corrected for age and the rest of the U.S. population is now one, which means that Indians are no longer dying at an accelerated rate overall compared with the general U.S. population.

The Indian Health Services program is carried out in two comprehensive programs, a Federal health care delivery system which is administered by Federal employees, and a tribal health care delivery system administered by tribes and tribal organizations. Both of these include a full range of preventive, curative, rehabilitative, and environmental services.

The Indian Health Service provides an overall integrative function, coordinating the multiplicity of services both operated by the tribes and by the Federal health care delivery system, maintaining a comprehensive community-based system of health care, the success of which I think is reflected in the mortality and morbidity figures that I had mentioned a moment ago.

We will continue emphasis on a number of programs that have begun in the last few years, basically encompassed in what has come to be known in this country as health promotion and disease prevention, targeted towards youth, targeted towards reduction of risk factors which are now more and more demonstrated to be the cause of major morbidity in Indian communities, including the Secretary of Health and Human Services' initiative on Indian alcoholism begun in 1986.

Mr. Chairman, with the entire statement being submitted, I think it would be appropriate for me to pause at this point and attempt to answer any questions the committee may have.

Senator CONRAD. All right.

Congressman Campbell, if you would like to proceed.

Mr. CAMPBELL. Thank you, Mr. Chairman.

Dr. Rhoades, there seems to be a discrepancy about the documented need for sanitation funding. New facilities for sanitation funding I understand is in about the $500 million bracket, and you're requesting about $10 million for renovating and repair of existing facilities.

It's my understanding there will be about 3,000 units of Indian housing to be constructed during fiscal year 1990, but you're not

requesting any money for the sanitation facilities for that housing. Could you give me an explanation of the discrepancy?

Dr. RHOADES. Yes; your question has two parts, as a matter of fact. You partially described what we have estimated to be an unmet backlog of need, and the reason why this budget submission does not address that in its entirety is a reflection of the continued budgetary constraints forcing us to make priority judgments between various aspects of the program and, in this sense, the sanitation program fared not as well as we would have liked.

More specifically related to the question you asked, again in the last several years, we have moved more towards believing that the basic responsibility for inclusion of sanitation facilities construction rests with whoever is building the house, just as is the case in the private sector.

We have been very successful, quite successful, in arrangements with the Department of Housing and Urban Development, the HUD-built homes, and we propose to reflect the same general philosophy related to BIA-constructed homes and tribally constructed homes as well.

Mr. CAMPBELL. I see.

Well, these 3,000 units, are these HUD houses?

Dr. RHOADES. Let me ask Mr. Pearson if he might address that more directly.

Mr. PEARSON. No, sir; the units that are being projected are 1,000 Bureau of Indian Affairs houses included, and then 2,000——

Mr. CAMPBELL. I may have some of my numbers wrong, but nevertheless—well, of those units that the BIA is going to be building, are sanitation facilities included in that, because it's my understanding they're not.

Mr. PEARSON. It's our understanding that the funds are available within the BIA program for water and sanitation facilities. Basically, the funds can be utilized for sanitation facilities construction as part of the renovation of the house. If the funds are not available from another source, there would just be fewer houses built.

Mr. CAMPBELL. I see. Thank you.

No further questions, Mr. Chairman.

Senator CONRAD. Let me ask you to explain the rationale, the reasoning that you have for merging the services and facilities appropriations into two newly established appropriations, Tribal Health Administration and Federal Indian Health Administration.

Dr. RHOADES. In respect to the merging of the maintenance and repair and rehabilitation of buildings, we have felt that it would be more appropriate to reflect that activity in the Office of Environmental Health and in the facilities construction because, after all, that is a construction program, and believe that by placing it in that category, in fact it would increase the flexibility with which that part of the Indian Health Service Program operates.

The latter part of your question having to do with reflecting a twofold appropriation—that is, the one for Federal Health Administration and one for Tribal Health Administration—we believe adds emphasis to the determination of continuing with the Indian Self-Determination Act and moving more and more of the program over to tribal control. That split in the presentation reflects our commitment to that activity.

Senator CONRAD. How would you answer those who say it's really just a clever way of obscuring deep cuts in the Indian health facilities accounts? That this is just a clever way of repackaging so you show an overall increase, albeit very slight, while we're seeing very steep reductions in appropriations for Indian health facilities.

Dr. RHOADES. It might appear that way on the surface. All I can say is that that is not intended at all. The obscuring of lack of requests for additional construction funds is unrelated to the movement of those funds into this other account.

Senator CONRAD. I see that under the Indian health facilities, you have hospitals, outpatient facilities, and sanitation facilities. Fiscal 1989, as appropriated, as almost $62 million. Those same three accounts, as the staff analysis shows for fiscal 1990, is $10 million.

Can you tell me what the request of the agency was to OMB for those three items?

Dr. RHOADES. Would you give me the three items again, please?

Senator CONRAD. Hospitals, outpatient facilities, and sanitation facilities.

Dr. RHOADES. I'll ask Mr. Pearson if he has that information at hand. We may not have it and I would be glad to provide it.

Mr. PEARSON. I think we probably should, Mr. Chairman, provide that for the record. The number was approximately $96 million, the original request, but I will have to provide that to you for the record.

Senator CONRAD. Ninety-six million dollars you think, approximately, was the original request for those three areas?

Mr. PEARSON. Order of magnitude.

Senator CONRAD. OK.

And OMB came back to you and said $10 million?

Mr. PEARSON. Yes; actually, $22 million, Mr. Chairman—$12 million for maintenance and repair, but $10 million of it is actually for facilities renovation and improvement.

We are not asking in this budget for any new construction of hospitals, health centers or staff quarters.

Senator CONRAD. Does that strike you as a wise thing to be doing when Indian health is probably one of the most critical problems facing that community?

Dr. RHOADES. This is another reflection of those very difficult choices that have to be made during periods of budgetary constraint.

Senator CONRAD. I'm talking now societally. We have a group within our population that has the most severe health problems of any subgroup of our population. We're saying as a society that this year, we're just not going to address in a budgetary way those priorities.

Dr. RHOADES. Mr. Chairman, I respectfully disagree with the characterization of this group of individuals in this country being at the worst as far as health is concerned. In fact, most of the indices for Indians indicate that they are better off than other minorities in this country.

However, I recognize the intent of your question, regardless of who's a little worse off.

Senator CONRAD. I'll tell you, in my State you wouldn't find any group that suffers more, that has been neglected, that's been more abused than the Indian population, or that has got worse overall health statistics.

I don't know of a subgroup of our population that has a life expectancy that's as limited as American Indians, but I'd be glad to stand corrected if there is some group that has a life expectancy that's shorter than the American Indian population. What would it be?

Dr. RHOADES. Blacks have a shorter life expectancy. I don't know about in the State of Washington. I certainly am not expert on those data. And that's true of most disease categories.

But, as I say, I don't want to argue with you about that. I certainly don't want to imply that the situation for Indians is good.

Senator CONRAD. What is the life expectancy of American Indians?

Dr. RHOADES. The life expectancy of American Indians now is about 75 years, increasing at a rate of about 2 percent per year, compared with an overall life expectancy of the U.S. population as a whole of about 80 to 81 years. It depends on whether you're a female or a male. But the Indians are catching up fairly rapidly.

Senator CONRAD. I'd like to see those numbers for my State. I'm from North Dakota, by the way.

Dr. RHOADES. Oh, I'm sorry.

Senator CONRAD. I'd be interested if you have those statistics. You don't need to provide it now, but I would be interested in pursuing that.

Senator CONRAD. I would like to pursue a little further, on page 48 of the justification appropriation estimates for the Committee on Appropriations fiscal year 1990 book, you'll note the following sentence:

> The separate Tribal Health Administration request will do much to assist in reaching our fiscal year 1998 goal of entrusting 75 percent of Indian Health hospitals and clinics to Tribal Health Administration.

Could you inform the committee how your agency determined that goal and whether it was in consultation with tribal leadership, and if you have received any direction from the Congress in setting this goal?

Dr. RHOADES. We have not received a direction from the Congress in setting this goal. This goal grew out of discussions of a couple of years ago with Indian Health Service and the Office of Management and Budget. In looking at the growth, the takeover of the Indian Health Service Program by the various tribes as basically part of the self-determination process, a target of entrusting 75 percent of the program to the tribes over a 10-year period emerged as part of those discussions.

My recollection is that that did not really involve Indian consultation at that time.

Senator CONRAD. Can you tell us why not?

Dr. RHOADES. Basically, because of the time constraints associated with the formulation of the President's budget between the time of the passback notes from OMB and the discussions that take place in the Department and in the agencies preparatory to com-

pleting the budget submission by the end of January makes it almost impossible to have meaningful consultation with Indian tribes.

This subject had been discussed with Indian tribes subsequently and part of the arrangement that was made was that if a plan was to be formulated as part of this goal, that the plan would actually be put together by the tribes themselves is the position that the Indian Health Service took.

We consulted with the National Indian Health Board. I don't remember if it was in the summer of 1987 or thereabouts. After deliberating about it, the National Indian Health Board rejected the idea of developing a plan based upon this 10/75 goal, their reason being that that was a decision that should be left to individual tribes. So that although we continue to display the 75-percent target, we certainly will continue to be governed by the extent and the speed at which the tribes themselves elect to move in that direction.

Senator CONRAD. If we clear all the underbrush out and we look at what the need is versus what we're proposing to do about those needs, isn't it a fact that we're really not engaging in any aggressive new initiative to deal with what is a compelling problem in terms of Indian health?

You know, we look at this budget. It overall represents, as I understand it, about a 5-percent increase at a time when health costs are skyrocketing. Don't we in effect here have in real terms, a cut in terms of what we're going to be providing?

Dr. RHOADES. No, sir; I don't believe that will be the case. The number of services that have been provided to Indian people have continued to increase steadily, particularly as the population continues to grow. Between 1980 and 1988, we experienced a 23-percent growth in the eligible population and, as a matter of fact, during that 8-year period the number of ambulatory visits that were provided to Indian people increased by 1 million.

There is a fundamental change that has been taking place and will continue to be taking place not just in the Indian population, but in the general population as well. And that is, if one looks at what is killing people, particularly in a way that is reflected in what we call the years of premature life lost, one finds that it is largely encompassed by those conditions that are now known as lifestyle.

I believe that the Indian Health Service has pioneered in this country in aggressively addressing those conditions. For example, as is well-known, the single most harmful, correctable act that any person can inflict upon themselves, and the single most important correctable condition is simply cigarette smoking. It does not cost a cent to stop smoking.

The Indian Health Service was the first national system to make it possible for care to be provided to our patients and also to provide a smoke-free environment for individuals to operate there as one—I would submit—an aggressive contribution to changing how people live.

I think the evidence is quite clear at the present time in relationship to alcohol and substance abuse and all of the surrounding destruction associated with that.

If Indian Health Service spent $1 billion, if we built more hospitals, if we built more clinics, it will not change that figure, whether it's in the Indian population or in the rest of the population, and the struggle that we have is reflected in the city of Washington, DC, and so on and so forth.

Until the community makes the declaration that they do not have to live with that lifestyle anymore, very little is going to be accomplished. I'm very optimistic, however, that I'm seeing more and more in Indian communities, as I think associated with—again I would submit—an aggressive approach towards health promotion and disease prevention. An increasing number of tribes are making that declaration.

The Cheyenne River Sioux passed a resolution not long ago that they intend to have an alcohol-free reservation, I believe, by year 2000, largely stimulated by teenagers in that community confronting the tribal council.

That is the area that is going to have the greatest effect in improving the health of any people in the future. And to say that an additional influx of resources is necessary because it is a crisis is, I think, somewhat simplistic, although obviously the need is very great and the need is continuing to grow.

Senator CONRAD. I assume that you asked for additional resources because you thought they were needed to meet an existing need. You didn't ask for additional resources because you didn't think they could be used effectively, did you?

Dr. RHOADES. No; that's correct.

Senator CONRAD. So the fact is, you asked for a substantial increase that is not part of the final package that's before us. Isn't that correct?

Dr. RHOADES. That is correct.

Senator CONRAD. So it wouldn't it be a correct conclusion to say that those of you who are in the trenches trying to do something about the very serious problems that we confront in terms of Indian health in this country reached a conclusion that we needed an increase of—what was the number, what was your number of what you were seeking overall, versus what we see in front of us?

Dr. RHOADES. Again, I would have to submit exact figures, but approximately $300 million reflects our estimate of unmet medical needs.

Senator CONRAD. Three hundred million dollars that's not provided for in the numbers that are before us.

Dr. RHOADES. I'm sorry?

Senator CONRAD. That's not provided for in the numbers before us.

Dr. RHOADES. Yes; that is correct.

Mr. CAMPBELL. Mr. Chairman, would you yield for a moment?

Senator CONRAD. Congressman Campbell.

Mr. CAMPBELL. I don't want to belabor this, Dr. Rhoades, but you said something, I guess, that just kind of stuck in me a little bit.

I don't know how much time you spend on reservations, what I call hardcore reservations, the ones in North Dakota and South Dakota and Montana. But when you go to those reservations where you have an 80- to 90-percent unemployment rate and virtually every disease is probably 10-to-15 times higher than the national

average, where violent deaths are probably 10 times the national average, to simply say that the way to correct that is to convince them they don't have to live with that lifestyle, believe me, is a very simplistic answer. It's like just saying no to the drug problem we have in this country.

I wanted to point that out, that there are circumstances on the reservations that, if you don't spend a lot of time there, it's easy to look in from the outside and say, well, all they have to do is just change their lifestyle, quit doing that. It doesn't work that easy, believe me. I thought I'd point that out to you.

Dr. RHOADES. I appreciate your pointing that out and I didn't mean to imply that that was the solution.

I was trying to make the point that at the other end, constructing a clinic is not either. Some other much more comprehensive and complex arrangement would be. Your point is very well-taken. I agree with that entirely.

Senator CONRAD. Let me just pursue this a little further because it strikes me that I hear you saying two different things. One, I hear you being a good soldier and saying, look, the administration says this is what there is and we've got to go up there and try to justify it.

On the other hand as a professional, I hear you saying something quite different. I hear you saying we professionally analyzed the unmet needs and we found $300 million of unmet needs need to be addressed and they're not being addressed.

I hear you talking about, for example, life expectancy, average 75 years for American Indians. I'll tell you, that stuns me. I'd like to see that number for my State because I don't believe it. I mean something is radically wrong. I go to the reservations of my State, and what I see is a picture that is totally unlike what I hear you reporting. I see extraordinarily serious health problems—diabetes rates that are off the chart, health problems that are intractable, and an effort by society that in no way touches the need.

Somewhere there is a dramatic gap between what I hear here this morning and what I see at home.

Congressman Campbell, correct me if I'm wrong. You know this problem first-hand.

Mr. CAMPBELL. You are correct.

Senator CONRAD. Somewhere, we're missing each other in the night.

Dr. RHOADES. As soon as I get your right location, Mr. Chairman, for which I apologize—in fact, the statistics in North and South Dakota and in the Billings area, the Montana area, as Mr. Campbell pointed out, are among the worst in the Indian Health Service. There's no doubt about that. I don't believe they are quite as great above the national average as has been stated, but again that is not the important fact. They are two or three times higher than the rest of the population.

The trend is coming down and I think that that's the additional important factor. I don't mean to minimize the importance of those whatsoever. There will continue to be a substantial unmet need of services, basic medical services.

I also do not want to leave the committee with the impression that I believe that health promotion, disease prevention activities

will replace basic medical care. They have to be placed upon ministering to the suffering that people are going to continue to have, and it certainly would be improper to view that as an either/or situation.

Senator CONRAD. Well, I appreciate that explanation. I'd like to just pursue a moment further. You've made a point now that our part of the country is suffering the most in terms of morbidity rates, in terms of life expectancy.

I'd like to know, then, what is the status of the primary regional treatment center for the Aberdeen area. What is proposed in this budget to deal with what you describe as a disproportionately large part of the problem?

Dr. RHOADES. You mean the regional alcohol substance abuse treatment center for adolescents? Is that what you're referring to?

Senator CONRAD. That's correct.

Dr. RHOADES. Yes, sir.

It is my understanding that a site has been chosen by the tribes in the Aberdeen area and we expect that that will be funded—part of that has been partially funded at the present time. We have allocated those resources in that budget category largely proportionately across the United States. There is not a disproportionately greater amount of those resoures at the present time going to the Aberdeen area.

Senator CONRAD. OK, let me pursue that. Let me ask in broader terms. You've said there today we've got the most significant problem in my part of the country, Congressman Campbell's part of the country.

Do the allocations of resources reflect that? Are you making a disportionate commitment of resources to those parts of the country that are suffering the most?

Dr. RHOADES. Yes, sir; we are. I think that is fairly readily demonstrable through what was known between 1980 and 1984 as the so-called equity fund that was appropriated by Congress.

We would have made greater progress in that regard except for the constraints that were placed upon us by the tribes and Congress a couple of years ago, in which we were not permitted to allocate more than 2 percent of the base of the program to those at the lower levels of sufficiency.

Senator CONRAD. Let me pursue that. I would presume one of the reasons that happened is because you've got a base that's going nowhere, and so you've got people in other parts of the country saying, whoa, wait a minute. You've got a disproportionate problem out there, we recoginze that, but we've got a base that's going nowhere. In real terms it's shrinking. In real terms its' shrinking. That's the way I read these numbers. So you don't have resources that can go to those parts of the country that are suffering the most without taking an even greater hit in real terms on the rest of the country.

Tell me why that conclusion is wrong.

Dr. RHOADES. There, in fact, have been a few increases in the past several years.

Senator CONRAD. In real terms?

Dr. RHOADES. In real terms.

Senator CONRAD. Not this year.

Dr. RHOADES. In 1989, I believe that we will have a few million dollars that we can allocate based upon this equity model that will be applied to that. We haven't made all of these calculations.

Senator CONRAD. But I'm talking about the base now. We go from 1989 to 1990, and your budget—you're going on a $1.81 billion to $1.83 billion. In real terms that's a reduction; right? I'm talking about your total budget now.

I mean health care costs are going up in double-digit numbers in this country. Just to stay even, I would presume you'd have to have a 10- or 12-percent increase, and we're seeing virtually no increase. So in real terms you're going backwards, aren't you?

Dr. RHOADES. No, sir; we believe that the inflation rate for medical care costs this past year is no longer in the double digits, at least overall.

Senator CONRAD. What would you see it as being?

Dr. RHOADES. I would be glad to provide that. The figure that we've used, I believe, is 6 percent.

Senator CONRAD. A 6-percent increase in health care costs?

Dr. RHOADES. Six and 7 percent.

Senator CONRAD. Boy, I tell you, that's going to be awfully goods news over in the Budget Committee because that's not what we're experiencing and not what we're being told in terms of health care costs increase in other categories.

We're still being told health care costs are increasing in double-digit terms.

Dr. RHOADES. There are many categories of health care where I'm sure that that's the case. I do not believe that's the case in our direct operated programs.

It will take a while to calculate the figures, but based upon the process that you just asked about—that is, equity funding—we were able to take the Aberdeen area, for example, from 1981 when we had the base for this, from a level of needed funded at 55 percent, which is a reflection of methodology that determines unmet need. You could say 45 percent unmet need or 55 percent sufficiency.

By disproportionately allocating funds to the Aberdeen area, based upon the indices we talked about, they have moved to a level of need of funding at 70 percent and they are at a level equal to every other area in the Indian Health Service with the exception of four or five, and they are higher than that for the State of California.

I don't want to present that as a great victory either. But in fact, we are correcting those deficiencies and we are targeting our resources, the resources that we can garner over and above the base, to areas of greatest need.

I believe that with the completion of the Pine Ridge Hospital, the Rosebud Hospital, and several of the clinics in the Aberdeen area, that their level will go from 70 to even higher.

Senator CONRAD. Well, I don't want to get into a question about the calculation of level of sufficiency. I'll tell you honestly that I doubt very much that that level of sufficiency has much relationship to the real world in terms of the level of sufficiency.

Let me just conclude this by saying from my observation, I look at your budget, and I come from a budget background, and I look

at these numbers and I'll tell you what I conclude. I conclude we're going backwards. I don't know what else you could conclude. We go at a time when health care costs continue to skyrocket—at least everybody else claims they're skyrocketing. I think even Time Magazine says they're skyrocketing—and in Indian Health Service the total budget on $1 billion base is going up $1.6 million.

I look around in my constituency—I must say to you, the needs are not being met. I don't think any fairminded person, I don't care what their ideological stripe—would come to my State and go to the reservations of the constituents that I represent and conclude that we're dealing with the need. We just couldn't do it.

So I must say I think you, in good faith, went to the administration, proposed increases that were responsible increases to deal with a societal need that's there. And it's a serious societal need. I commend you for what you did. But I must say I am troubled that we're really not making the kind of aggressive effort that I think we need to deal with these problems.

Again, I'd take anybody, I don't care if it's the coldest-hearted OMB, take them to my State, to reservation after reservation, whether it's Fort Totten, Standing Rock, take them to see what I see every time I go there. It's not a very pretty commentary on our society.

Again, I don't fault you. I think you in good faith made recommendations and somebody didn't hear. I think they didn't hear because I don't think they understand. I don't think they understand because they sit in an office and they've got their very pleasant life, and they have absolutely no idea how these numbers relate to the real world and the experiences of the people we're attempting to serve.

We have a number of questions that we'd like to submit for the record. Before we end here, are there additional questions the Congressmen would like to address?

Mr. FALEMAVAEGA. Mr. Chairman, having caught the tail end of the hearing this morning, I do apologize because of another hearing, but I wanted to let it be known for the record that my interest is very keen on the needs of the native Americans.

I'm sorry that I did not get Dr. Rhoades' statement until this morning, so I didn't have a chance to go through it. However, one issue does seem to come very strongly to mind, and perhaps Dr. Rhoades can address this, concerning Indian Health Services.

What is the program, or have you—and I'm sure you've done the program—but I just wanted to know the status of the programs in dealing with alcoholism, to meet that critical need of the native Americans. I just wanted to get some information, and perhaps Dr. Rhoades is familiar with the issue, that I definitely would like to pursue this in greater specificity concerning alcoholism, the native Americans.

Perhaps Dr. Rhoades and the members of his staff have addressed this issue in a very serious way and, if so, what is the status of the alcoholism program dealing with this critical problem with the native Americans?

I say this in part because I think this is similar to the problems that even my only people run into. But I am just curious with the approximately little over one-quarter of the budget of the Interior

Department allotted for the needs of native Americans. I'm curious out of this whole allocation that we're talking about, how much are we contributing to meet this critical problem that native Americans face?

Dr. RHOADES. Perhaps I could submit you come extensive summaries for the record that we have, but I don't have with me, describing both what we call our traditional alcohol programs of which we have approximately 200 scattered across the United States in most of the Indian communities, providing again what I might call the traditional detoxification and residential center. We provide about 20,000 individuals with those services each year.

We are greatly expanding community and educational efforts so that we've made about—I believe the figure in 1988 is about 175,000 contacts related to alcohol and substance abuse preventive activities, none of which addresses the $21 million program that has caught most people's interest, the adolescent programs provided by Public Law 99-570 of which we are continuing the institution development. Two facilities are now open and functioning, one in Tahlequah, OK, and one at Arkoma, the ACL, which has already reached its capacity of 20 youngsters present.

We will be adding four more this fiscal year—one in the Phoenix area, one in the Alaska area, one in the United Southeastern Tribes area, and one on the Navajo Reservation—as we move towards the institutionalization of 11 of these, one in each area, except for the Tucson area.

As part of that legislation, we now have approximately 200 tribal-specific plans directed towards the elimination of alcoholism as a problem there. We completed about a year ago an inventory of efforts directed at school and preschool-aged children, dealing with preventive activities. I don't have those figures at hand, but I would be glad to supply those.

Mr. FALEMAVAEGA. I would like to follow up with a couple more questions, Dr. Rhoades.

How well is your budget reflected in dealing with this problem of alcoholism? I mean is it well-reflected in the budget that you're proposing for this fiscal year?

Dr. RHOADES. The reflection in the budget of the alcoholism program reflects that it's generally as we just went through in relationship to the budget as well. The need is substantially greater than what is possible for us to address at the present time.

Our budget request reflects our determination to maintain the same level of activities.

Mr. FALEMAVAEGA. Can you just rough it in terms of what percentage are you actually talking about?

Dr. RHOADES. The percentage of the total budget?

Mr. FALEMAVAEGA. That is allotted to treat alcoholism.

Dr. RHOADES. One of the difficulties in arriving at that figure is that the bulk of alcoholism is in fact taken care of day to day in our clinics and in our hospitals. On any given day, probably 25 percent of the people in our hospitals are there for treatment for alcoholism or one of its complications.

Mr. FALEMAVAEGA. How long has this program been in place, Dr. Rhoades?

Dr. RHOADES. What I call the traditional program began to be transferred to the Indian Health Service in about 1978, I believe. It was formulated first in the National Institute of Alcohol Abuse.

And as the programs, quote, matured after 4 or 5 years, then they began to be transferred over to the Indian Health Service. I believe the transfer is now basically complete.

Mr. FALEMAVAEGA. So it's been in place for about 10 years; am I correct?

Dr. RHOADES. It has not been in place in its entirety for 10 years. The process has been 10 years; yes.

Mr. FALEMAVAEGA. Out of that 10-year period, Dr. Rhoades, how effective has the program been? Can you give me some hard figures if the native Americans have actually been successful? Has the program been successful and, if so, what would you characterize as a fair percentage that the program has been effective in dealing with this serious problem?

Dr. RHOADES. I don't have the figures at hand, but the program has not been as successful as we would have liked. We have discovered, I think, what the rest of the population has discovered as well. That is, to extract a person from a community and provide them a residential treatment for 30 to 90 days, obtaining a period of sobriety and so forth, the rate of recidivism is extremely high when they return to their location, wherever it may be, and all of the conditions that pertain there.

We do have data from recent years relating to those who have successfully completed a course of therapy. Our followup is not as good as I would like it to be, so I do not know what happens after they return.

I believe the program has been successful, as follows. No one exactly knows how to fix the alcohol problem, whether it's Indian, non-Indian, or so forth. However, in spite of major criticisms that have been leveled at these kinds of programs, I believe that they have been a very necessary step in the evolution of whatever it is to come in dealing with alcoholism.

Whether that's going to be on a biochemical basis in a laboratory, which I think very likely, or if in fact communities as the Alcola Lake Community in British Columbia and an Alaskan community in one of the islands in southeast Alaska–they just said we're going to stop it, with an incredible amount of success. In fact, they did just say no and they put that into effect.

All of the breakthroughs in science come from an almost infinite accumulation of small steps, some of them apparently of no particular value. I believe that that's what we're going through at the present time in relationship to the alcohol programs. They need to be improved. They need to be strengthened. They need to be developed. We intend to do all that.

Mr. FALEMAVAEGA. Dr. Rhoades, I hope I'm not reading out of context your terms. You say nobody knows, and you've had 10 years of experience in dealing with this very serious problem.

I would like to put it in more concrete terms, and if I could get the information specifically from your office, everything and anything dealing with the alcoholism and how you're addressing it, why the failures, and where are the pluses. I would kind of like to

hear there are some pluses with the 10-year period that you've been involved in dealing with this very serious problem.

If I were to equate alcoholism among native Americans, it's just as seriouis as allocating over $1 billion a year for their needs. I think we're really not being serious enough about it, and if nobody knows what's happening then I think we've got a very serious problem here.

Dr. RHOADES. No, no. I didn't mean to imply that no one knows what's happening. No one knows why people drink. Or, if they know why they drink, they don't know how to stop the problem drinking. Boy, I'd welcome that information if anyone has it.

Let me give you some figures here. This is probably for fiscal year 1978; 73.7 percent of those discharged from these primary residential treatments representing 3,091 patients, fully completed treatment goals for the component. Seventy-two percent or 1,156 persons treated in halfway houses fully completed their treatment goals. And 60 percent or 10,851 persons served in outpatient treatment programs, fully completed their treatment goals.

There are many ways to measure that. Is that good or is that bad? It's not far from the national average. It is insufficient. If one looks at the death rates from alcoholism, the mortality rates that are associated with alcoholism, there is no question but that they peaked out on 1976 and they are falling. They have fallen by 50 percent. Something is being done right, not necessarily by the Indian Health Service, but in fact progress is being made.

We are moving in a major way toward the preschool-age child. My theory—it hasn't been verified or refuted—is that whatever it is that is associated with problem drinking in Indian communities I believe is largely correlated with a very, very poor self-image, as is anything else.

My theory is, further, that people are not born with a negative self-image. They are taught to have a negative self-image, and if that's true then, therefore, they can be taught to have a positive self-image. Thirty percent of all of the Indian children now in Head Start programs participate in one of these kinds of activities. That is a very, very substantial gain. Not enough, it's insufficient, we're going to do more, it should be 100 percent. We will achieve that.

Mr. FALEMAVAEGA. I appreciate your summary, Dr. Rhoades. I just was wondering if the gentleman sitting to your left, now that I hear some statistics, I want to hear some feeling, and I would like to ask the gentleman sitting on your left, how does he feel about the program? What can we do to be of help? How can we go about it?

You, as a native American, I would like to hear from you who really knows as a leader, what can we do to improve if we've had some failings in the past in dealing with this serious problem?

Mr. ROACH. Let me also state that Dr. Rhoades is also a native American.

Certainly, there's no way that I could suggest anything different than what Dr. Rhoades has just stated. He's got many years of experience in his field and there's nothing I could add to what he's just enunciated here.

Mr. FALEMAVAEGA. Thank you, Mr. Chairman.

Senator CONRAD. Dr. Rhoades, what question did you come here today really hoping we would not ask?

Mr. FALEMAVAEGA. I responded to a question like that before a different committee a few years ago, and I got to take a sabbatical for a short while, partly due to my response.

I think it would be a truthful reply to say that we have not really had a fear of questions that this committee might ask. I think you've come to focus on the overall problem of Indian Health very astutely, very acutely, and very appropriately.

Senator CONRAD. Oh, I know better than that. Somewhere lurking in the back of your mind is some question you had very much hoped we wouldn't ask here today. I won't press you on it——

Dr. RHOADES. Thank you very much. [Laughter.]

Mr. FALEMAVAEGA. Mr. Chairman, I do have one more additional question.

Senator CONRAD. Congressman Falemavaega.

Mr. FALEMAVAEGA. I guess on the statement that was provided here, why has there been such a significant cut in funding for construction of health facilities? Has that already been asked?

Dr. RHOADES. Yes.

Mr. FALEMAVAEGA. Is this housing facility being constructed without sanitation facilities included?

That has been asked, OK.

I want to apologize. I did not realize you were a native American, Dr. Rhoades. But I always say it does help to have feeling to go with the problems. And as I've said earlier with the chairman here, I have a very personal and abiding interest with the needs of native Americans. And as a member of the committee on which I have been privileged to serve now, I will certainly do all I can, and I want to be constructive.

We have heard over the years so much criticism of the Bureau of Indian Affairs, always seemingly to be victimized by accusations and allegations about how terrible this Bureau or this agency is. I would like to see a constructive dialog. If it's such a good agency, Dr. Rhoades, I certainly hope in the coming weeks and months that I, this member, could be convinced that it is a good agency; that you do have God-fearing members of the organization that dearly do love and go out of their way in helping the native Americans.

It's a sad commentary, Mr. Chairman, that among all the nationalities or ethnic groups existing here in this great country of ours, that native Americans is the worst in all that it relates to, its economic, health, and educational opportunities.

It is just one of these contradictions that I just cannot believe myself. With all the money that goes in every year, every year in, every year out, we always seem to be facing the same problems. But I would kind of like to see what kind of a track record, and to see that there have been improvements.

Also in serving on the Subcommittee on Oversight on Investigations, Mr. Chairman, I definitely will bring this to the attention of Congressman Kostmayer. But we want to be in a position to be of help to the agency and not to destroy it. Hopefully, this will be as the basis of our dialog and see how we can work this out with the needs, at least to provide the needs of the native Americans.

Thank you again.

Dr. RHOADES. Thank you very much. We look forward to working with you.

Mr. FALEMAVAEGA. It's Falemavaega, Dr. Rhoades.

Dr. RHOADES. No, no. Thank you for your question about going beyond the statistics to the feeling as well, because I think if there was one thing that characterized all of those folks in the Indian Health Service out there, the commitment and feeling I think is the one thing that has made them persevere when statistics might suggest one should not.

Thank you.

Senator CONRAD. Thank you very much, Dr. Rhoades. We appreciate your appearance here today. We appreciate also the history that you bring to this position and very much appreciate the fact that, like Phoenix, you've risen from the ashes of past administrations.

Senator McCain has some questions he'd like to submit for the record.

Senator CONRAD. We will hold the hearing record open for 2 weeks so that we can receive answers from the administration.

Thank you very much. We declare this hearing closed.

[Whereupon, at 12:05 p.m. the hearing was adjourned.]

○